

State Procurement Office
Workshop
July 31, 2003

Secondary Purchases

of Health and Human Services



Planning for Efficient and Effective
Health and Human Services

Before we get to
Secondary Purchases



Where does it all fit....

Putting things in Perspective

The state has two statutes governing how
state agencies make purchases:

- Chapter 103D, HRS
The Procurement Code
- Chapter 103F, HRS
Purchases of Health and Human Services

Chapter 103D , HRS	Chapter 103F , HRS
The Procurement Code	Purchases of Health and Human Services
Goods, services (that are not health & human services) and construction.	Health and human services.
Applies to state and county agencies.	Applies to state agencies.

**Chapter 103F, HRS
Has 5 Methods of Procurement**

- Competitive (RFP)
- Restrictive (Sole Source)
- Treatment
- Crisis
- Small Purchase

Secondary purchases may only be made in conjunction with the competitive (RFP) method of procurement...

Secondary Purchases

Enable purchasing agencies to coordinate purchases of health and human services by combining their requirements as primary and secondary purchasers.

What are Secondary Purchases?

A secondary purchase is a purchase made by one state agency utilizing the competitive procurement of another state agency.

All this and Efficiency, too...

- State purchasing agencies issue a single RFP.
- Applicants submit a single proposal.

Primary and Secondary Purchasers

- The primary purchaser is the purchaser requiring the largest share of the services.
- The secondary purchaser is the purchaser requiring the lesser share of the services.

Duties of the Primary & Secondary Purchaser

- | Primary | Secondary |
|---|---|
| ■ Comply with procedures and requirements of a competitive purchases of services. | ■ Cooperates with the reasonable requests of the primary purchaser. |
| | ■ Requests approvals as necessary. |

The primary and secondary purchasers execute separate contracts.

Two Kinds of Secondary Purchase

- **Planned Secondary Purchase**
When two or more purchasing agencies need to procure the same or substantially the same health and human services they may issue a single RFP.
- **After-the-Fact Secondary Purchase**
A purchasing agency may purchase the competitively procured service (or part of the service) that has been procured by another purchasing agency.

After-the-Fact Secondary Purchases

After-the-Fact Secondary Purchase

- To be used when an unanticipated need for a service arises that another state agency has procured by the competitive method of procurement.
If you know you're going to need it, utilize the **planned** secondary purchase.
- The secondary purchasers share of the services must be no greater than 30% of the total services.

After-the-Fact Secondary Purchase: Procedures in a Nutshell

- The secondary purchaser contacts the primary purchaser;
- Advises them of their intent;
- Ensures the service is the same or substantially the same as the RFP and the contract;
- Ensures the quantity of services to be purchased is not greater than 30% of total services bought from the provider;
- Completes a request to the CPO of the primary purchaser to make a secondary purchase.

After-the-Fact Secondary Purchase: How Do I Determine Substantially the Same?

Start by asking 3 questions:

1. Would the proposed purchase have affected a potential applicant's decision to respond to the RFP?
2. Would the difference have affected how an applicant ranked or was scored?
3. If the primary purchaser were making these changes in their contract would it constitute a fundamental change, a change so great that a reasonable purchasing agency would in light of all circumstances re-procure the required services instead of amending an existing contract?

After-the-Fact Secondary Purchase: Procedures

- See Handout on Step-by Step Procedures

Planned Secondary Purchases

Planned Secondary Purchases

- To be used when it is anticipated that the service will be needed.
- The secondary purchasers share of the services must be less than the primary purchasers share.

Planned Secondary Purchase Procedure in a Nutshell

- Used when the secondary purchaser knows they will need the service before the RFP is issued by the primary purchaser.
- The secondary purchaser consults with the primary purchaser to determine if the services are the same or substantially the same.
- They agree to issue an RFP with a planned secondary purchase.
- The RFP is developed with the secondary purchaser's requirements included.

Planned Secondary Purchases Procedures

- See Handout on Step-by Step Procedures

Secondary Purchases A Summary

Planned

- Used when you know you will need the service.
- Quantity of services purchased by secondary purchaser must less than the primary purchaser.

After-the-Fact

- Used when an unanticipated need arises.
- Quantity of services purchased by secondary purchaser must be no grater than 30% of the total services purchased by the primary and secondary purchasers.

State Procurement Office

Secondary Purchases of
Health & Human Services Workshop
Thank you for attending!

Information from this workshop can be found on our
website at:

<http://www.spo.hawaii.gov>

- Click on Procurement of Health & Human Services
- Click on Training



That's all Folks
